

BUDGET LETTER

SUBJECT: 2021-22 GENERAL ADMINISTRATIVE COSTS AND 2021-22 STATEWIDE COST ALLOCATION PLAN	NUMBER: 20-26
REFERENCES: GOVERNMENT CODE SECTIONS 11270-11275, 11852, 13332.01-13332.02, STATE ADMINISTRATIVE MANUAL SECTIONS 8752-8758, CONTROL SECTION 8.54, BUDGET ACT OF 2020, BUDGET LETTER 20-15 AND BUDGET LETTER 20-24	DATE ISSUED: July 27, 2020
	SUPERSEDES: 19-18

TO: Agency Secretaries
Department Directors
Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) informs departments of the requirements for the budgeting and accounting processes for the recovery of general administrative costs (Pro Rata) and Statewide Cost Allocation Plan (SWCAP) for the preparation of the 2021-22 Governor's Budget.

Deadline and Deliverables

October 1, 2020 (Thursday)	<u>All Departments</u> Submit completed and certified Pro Rata and SWCAP sheets to Finance budget analysts. The Department of Finance's Fiscal Systems and Consulting Unit (FSCU) will centrally post the certified amounts in Hyperion.
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Pro Rata and SWCAP are the processes by which the General Fund and the Central Service Cost Recovery Fund are reimbursed by special funds (Pro Rata) and federal funds (SWCAP) for the cost of centralized administrative services that are supported by and benefit from these services.

The centralized administrative services are certain functions provided by specified central service departments; for example, central treasury functions provided by the State Treasurer's Office (STO). The costs of these services are allocated to each user department. Allocations are based on each user department's funding source(s) and the central services received, as determined by FSCU, based on workload and cost-data from the central service departments. Additional information on Pro Rata and SWCAP is provided in the State Administrative Manual (SAM) sections 8752 – 8758. A new Frequently Asked Questions page has been added to the Pro Rata/SWCAP homepage at

http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/index.html.

PRO RATA

As a reminder, Pro Rata is recovered at the fund level pursuant to Chapter 31, Statutes of 2016 (SB 836). The authority for recovery is reflected in the Pro Rata Business Unit (BU) 9900.

1. Required Assessment Sheets – Finance budget analysts will forward the 2021-22 Pro Rata (green) sheets (Attachment I) to the affected departments in mid-September. Departments must complete and certify the green sheets and return the sheets to the Finance budget analysts for their review and signature no later than Thursday, October 1, 2020.
2. Posting in Hyperion – FSCU will centrally post the amounts under Account Category (AC) 5348250 Pro Rata for 2021-22 and out years under BU 9900. Departments must not post amounts to AC 5348250 under their BU.
3. Timing of Pro Rata assessments to funds – Transfers from special funds will be processed in August, November, and March by SCO. Questions and/or requests regarding Pro Rata transfers should be directed to FSCU as noted in the Contacts section provided below.
4. Recording Pro Rata assessments – Departmental accounting offices that are the fund administrator of the funds will receive a journal entry from the SCO when the transfers of the Pro Rata assessments occur showing the amounts by fund and the Pro Rata BU 9900. The designated fund administrator is responsible for recording the Pro Rata assessments. The administering department for a fund and their BU is provided in the Manual of State Funds located on the Finance website at <http://www.dof.ca.gov/Budget/manual.state.funds/>.
 - a. FI\$Cal (PeopleSoft) departments – Enter in PeopleSoft using Account Code 6512400 - Unappropriated Transfer Out-Pro Rata. For posting instructions, refer to Finance's updated eLearning course for statewide assessments which will be available in early August at: [http://www.dof.ca.gov/Accounting/FI\\$Cal_Resources_for_Accounting/](http://www.dof.ca.gov/Accounting/FI$Cal_Resources_for_Accounting/).
 - b. Non-FI\$Cal (PeopleSoft) departments – Enter as a reduction to the fund balance for the fund.

SWCAP

1. Required Assessment Sheets – These sheets have the same deadline as Pro Rata. Finance budget analysts will forward the 2021-22 SWCAP (pink) sheets (Attachment II) to the affected departments in mid-September. As in prior years, departments must complete and certify the pink sheets and return the sheets to the Finance budget analysts for their review and signature no later than Thursday, October 1, 2020.
2. Posting in Hyperion – FSCU will centrally post the Baseline Budget Adjustments (BBA) in Hyperion using the AC 5348500 (SWCAP) at the department's appropriation level. FSCU will calculate the incremental change between the current authority for recovery and the 2021-22 certified SWCAP amount to post to the department's fund using the following BBA information:

Budget Request (BR) Name: BU##-991-BBA-2021-GB

BR Description: SWCAP Apportionment

Once the SWCAP posting is complete by early November, FSCU will copy the BBA to the GB Exchange for the affected departments to retrieve and copy to their departmental version. No changes to these centrally posted amounts are allowed unless approved by FSCU and your Finance budget analyst.

3. SWCAP Recoveries

- a. Indirect Cost Rate Proposals (ICRPs) and Cost Allocation Plans (CAPs) – SAM section 8756.1 requires each department that receives federal funds to prepare an ICRP, CAP or Public Assistance Cost Allocation Plan (PACAP), unless exempted by FSCU. These documents establish the basis for recovering reimbursable costs from the federal government. See SAM sections 8752-8758 for more information.
- b. Accounting Process for Quarterly Transfers – Unless prohibited by the federal government, each department that receives federal funds must recover their SWCAP costs and request the SCO to transfer the recoveries to the General Fund within 30 days after the end of each quarter. To transfer the SWCAP recoveries, departments must complete a Transaction Request, form CA 504, and submit to the SCO for processing in accordance with SAM section 8755.2.

Pursuant to Control Section 8.54 of the 2020 Budget Act, if a department has not transferred federal funds to the General Fund on a timely basis, Finance has the authority to enforce recovery by reducing any state operations appropriation, not to exceed one percent.

REPORTS

FSCU annually publishes the reports for the central administrative costs allocated to each department for Pro Rata and SWCAP. Reports from the 2021-22 budget cycle reports will be available at the following links by late September:

Pro Rata: http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/Pro_Rata_Library/
SWCAP: http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/SWCAP_Library/

CONTACTS

Additional information on Pro Rata, SWCAP, and ICRPs is available on the Finance website at http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/. Contacts for each area are as follows:

Pro Rata – Fue Moua at (916) 445-3434, extension 2180
SWCAP – Narjes Shahalirasaf at (916) 445-3434, extension 2169
ICRPs – Wendy Yu at (916) 445-3434, extension 2838
E-mail for any of the contacts above - fiprowp@dof.ca.gov

/s/ Thomas Todd

Thomas Todd
Program Budget Manager

Attachments